

Feedback Form

IESO Reliability Standards Review – December 14, 2020

Feedback Provided by:

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Following the December 14, 2020 webinar on IESO Reliability Standards, the IESO is seeking feedback from participants on the proposed methodology and approach outlined in the presentation with respect to intertie support (non-firm imports). The IESO will work to consider feedback and incorporate comments as appropriate and post responses on the engagement webpage.

The referenced presentation can be found under the December 14, 2020 entry on the [Reliability Standards Review webpage](#).

Please provide feedback by January 18, 2021 to engagement@ieso.ca. Please use subject: *Feedback: Reliability Standards Review*. To promote transparency, this feedback will be posted on the [Reliability Standards Review webpage](#) unless otherwise requested by the sender.

Thank you for your time.

Intertie Support (Non-Firm Imports)

Topic	Feedback
Have the areas of consideration been appropriately included in the proposed methodology?	<p>We generally agree that the areas of consideration have been appropriately included. However, we recommend that, as per our prior response submitted September 16, 2020, demand uncertainty be included as an additional area of focus. Ontario's demand has continued to shift on economic changes, increasing expectations that climate change will drive higher temperature peaks in summer, and changes in demand resulting from government policy. We believe these additional exogenous sources of uncertainty in demand should be reflected in the IESO's resource adequacy assessments.</p> <p>It may be prudent to ensure that the potential for increasing unpredictable temperature extremes be integrated into the assessment of an appropriate level of non-firm imports. For example, imports likely to flow under tight supply conditions may decrease as adjacent jurisdictions experience increasingly extreme temperatures coincident with Ontario.</p>

Topic	Feedback
Are the approaches outlined reasonable for forecasting real-time market imports?	In our September 16, 2020 response, we indicated that the provision of the data underlying IESO’s analyses would be helpful in providing the transparency necessary to allow meaningful stakeholder analysis and participation. We would refer back to that response in terms of the types of information that we believe would enhance transparency. While the summary charts from the December 14 webinar provide a general sense of IESO’s thinking and the data employed, it is not sufficient to allow stakeholders to conduct their own analyses of the underlying data. While we support looking to recent years to derive quantities used to determine appropriate levels, the limitation of the summarized data for some of the criteria to three or four or seven years may limit the ability of stakeholders to evaluate the level of variability in these criteria over broader periods of time.

General Comments/Feedback

Comments in relation to the consideration of non-firm imports:

Ability to Manage Non-Discretionary Outages: The analysis to underpin the determination of the ability to manage non-discretionary outages is backwards-looking. The reasoning for this, in part, was that forward-looking assessments (Reliability Outlook) do not consider additional new resources that must be procured to maintain adequacy, and thus will show that no non-firm import capacity is acceptable in the long-term. A potential weakness of a backwards-looking approach is that it is widely believed that demand uncertainty is progressively increasing with climate change, which may not be reflected in a historical lookback. Perhaps the backwards-looking approach could be supplemented by sensitivity testing on the historical supply availability combined with forward-looking demand projections incorporating demand uncertainty. Another approach to test the reasonableness of the results could involve adding new resources to the future supply stack that can be reasonably expected to be procured, combined with a forward demand forecast that includes potential future demand uncertainty.

Plan for Future Updates: IESO did not opine in the presentation on how the level of reliance on non-firm imports would be reviewed and adjusted on a go-forward basis. The backwards-looking analysis leading to the two most binding criteria (ability to manage non-discretionary outages, and imports

likely to flow under tight supply conditions/prices) implies that the underlying data and analysis would be periodically updated. For example, the imports likely to flow data provided was for only three years and would quickly become stale-dated. We would suggest that IESO incorporate its plans for maintaining and updating its views on non-firm imports into the discussion. In addition, as a result of the inherent uncertainty in demand, there may be merit to establishing a prudent upper bound to the levels of non-firm imports relied upon in order to avoid, for example, the occurrence of a few years of unusually temperate weather to result in the undue relaxation of standards.

General Comments:

We appreciate the opportunity to provide feedback on the Reliability Standards Review.

We would reiterate our suggestion that additional emphasis be placed on incorporating forward-looking uncertainty of demand into the analysis. We would also reiterate our suggestion that greater transparency and stakeholder confidence will be fostered by the provision of additional underlying data such that stakeholders can carry out their own analysis and modeling, and bring those analyses into the engagement framework.